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# **SUMITOMO CORPORATION INDIA PRIVATE LIMITED**

**POLICY DOCUMENT**

**FOR**

**CORPORATE SOCIAL RESPONSIBILITY  
(CSR)**

## 2022

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## 1. CSR in Sumitomo Corporation Group

- 1.1. One of the credos of Sumitomo's Business Philosophy, passed down for 400 years, says: "Benefit for self and others, private and public interests are one and the same". This means that Sumitomo's business activities must benefit not only Sumitomo's own business, but also society and the nation. The idea behind this credo represents the essence of corporate social responsibility, and has been carried on in Sumitomo Corporation Group's (the SC Group) Corporate Mission Statement, which includes "We aim to constantly stay a step ahead in dealing with change, create new value, and contribute broadly to society" and "To achieve prosperity and realize dreams through sound business activities". For the SC Group, CSR is nothing other than putting our Corporate Mission Statement into practice. That is, our CSR activities are planned and implemented as business strategies after considering what we should do and how we should do it as a corporation to help solve social issues through our business activities.
- 1.2. The SC Group, with its presence in a large range of industries in countries and regions around the world, is working to obtain an accurate understanding of social issues and identify new needs through dialogue with stakeholders. Using this information, we can offer proposals to resolve those issues by bringing together our unique strengths and capabilities. In other words, we have the power to create value nobody else can match by playing a useful role in society. By leveraging that power to the full extent, we can help lift the living standards of people in the countries and regions where we do business and contribute to economic, industrial and social development, while also boosting earnings and expanding our business activities based on relationships of mutual trust.
- 1.3. In March 2009, the SC Group signed the UN Global Compact and declared its support for the 10 principles on human rights, labour standards, environment, and anti-corruption. Each employee of SC Group will continue to respect these 10 principles, which share the same values as our Corporate Mission Statement, and adhere to our spirit and a strong sense of ethics, to be recognized by society as meeting and exceeding the high expectations directed toward us.
- 1.4. Sumitomo Corporation India Private Limited (the Company), being a member of SC Group, also shares the same business ethics & overall CSR philosophy as that of SC Group.

## 2. How SC Group Regards CSR

In the preamble to the Corporate Mission Statement, SC Group sets out its corporate vision: **“We aim to be a global organization that constantly stays a step ahead in dealing with change, creates new value, and contributes broadly to society”**. The statement continues to describe the corporate mission, which is, **“To achieve prosperity and realize dreams through sound business activities”**, and the management style, which is, **“To place prime importance on integrity and sound management with utmost respect for the individual”**.

- 2.1. The SC Group regards CSR as working to achieve our corporate vision by staying true to the management style described in our Corporate Mission Statement, engaging in responsible corporate management, and working to fulfil our corporate mission. In other words, CSR is akin to our Corporate Mission Statement into practice, engaging in sound business activities and having every member of the organization perform his or her daily duties with spirit and a strong sense of ethics.
- 2.2. Taken from a CSR viewpoint, in order for the SC Group to contribute to the development of a sustainable society and grow along with society, we must create and provide new social values through our business activities, which would in turn result in enhanced corporate value. We feel the SC Group’s CSR should revolve around the plan-do-check-act (PDCA) cycle. We develop an accurate understanding of social issues and identify new needs through dialogue with stakeholders. We then offer proposals to provide the solutions by bringing together SC Group’s unique strengths and capabilities, to boost earnings and expand business activities by improving the standard of living and contributing to the development of economies, industries and societies in the communities and countries where we conduct business.
- 2.3. To ensure that we are among the first to respond to the dramatically changing business environment and continue to grow along with society for another 50 years, 100 years, and beyond, we believe it is critical that we consider what we should do and how we should do it as a corporation, and then follow up by planning and implementing business strategies.

### **3. Short Title & Applicability**

- 3.1. This CSR Policy encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large read with Schedule VII read with Section 135 of the Act excluding activities undertaken in pursuance of normal course of business of the Company.
- 3.2. This CSR Policy shall apply to all CSR initiatives and activities taken up by the Company for the benefit of different segments of the society.

## 4. CSR Framework

4.1. The Company believes that “Corporate Social Responsibility” delivered in the context of its business operations makes it more effective, impactful, scalable and sustainable. It is a conscious effort and strategy on the part of the Company to design and implement CSR Projects/activities and thereby, enhance the overall competitiveness, create new value and contribute broadly to society. While building closer relationship with various stakeholders, the Company contributes to creating a sustainable society by playing its role as a company in solving social issues through sound business activities.

4.2. The SC Group defines CSR as nothing other than putting our Corporate Mission Statement (consists of Corporate Vision, Management Principles and Activity Guidelines) into practice. For its CSR activities, the Company keeping in view the SC Group’s Management Principles, we are doing the business with spirit and a strong sense of ethics along with the Group’s Activity Guidelines as per the following framework:

- a) respecting the 10 universal principles recognized by the international community based on international agreements and as enshrined in UN Global Compact in the areas of human rights, labor standards, environment and anti-corruption that share the same values as our Corporate Mission Statement, as well as by referring to the ISO 26000 international standard on CSR. according with 10 universal principles;
- b) the company doing the CSR activities referring the SC’s and the SC Group’s CSR related policies and principles as follow
  - implementing the SCAO’s Compliance Guiding Principles each and every employee of SCAO Group companies is required to conduct its business activities in compliance with the applicable laws, regulations, group and company rules and ethics
  - implementing the SC Group’s Environmental Policy strive to achieve sustainable development aimed at symbiosis between social and economic progress and environmental preservation including efforts to achieve a low carbon society, efforts to achieve a recycling oriented society, contributions to biodiversity conservation, addressing the challenges faced with respect to quality education, infrastructure development, water conservation, poverty, extreme hunger, medical aids for improving maternal health etc;

- implementing the SC Group's CSR Action Guidelines for Supply Chain Management by working together with various partners in order to achieve responsible value chain management in areas such as compliance with laws, respect for human rights and protection of the environment;
  
  - implementing the SC Group's Basic Principles on Social Contribution Activities engage in social contribution activities aimed at developing the next generation of human resources who will drive the sustainable development of society, contributing to local communities in areas we do business, and taking part in various activities as a good corporate citizen:
- c) social contribution activities include;
- providing scholarships to help educate future leaders;
  
  - collaborating with governmental as well as non-governmental bodies to contribute towards activities relating to education, research and knowledge sharing, conservation and development of water resources, promoting gender equality and empowering women economically, capacity building programmes and such other similar initiatives;
  
  - contributing to local communities including community cleanup campaigns etc;
  
  - providing assistance / monetary aid to organizations and institutions working for: (i) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases; and (ii) physically and mentally challenged people;
  
  - contributing towards the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
  
  - any other project or activity which is in line with the above objectives of the Company in relation to human rights, compliance, integrity, sustainable development etc; and

- any other activities as may be set out in Schedule VII of the Act (Annexure B).

4.3. In respect of formulation and undertaking of activities by the Company per this CSR framework, the Company may:

- a) engage in regular dialogue with relevant stakeholder groups in order to learn from their knowledge, consider their interests and jointly evaluate and advance the CSR performance of the Company; and
- b) implement CSR programmes in the economic vicinity of its operations with a view to ensure long term sustainability.

4.4. This CSR framework shall be read, interpreted and implemented with reference to Schedule VII of the Act as amended from time to time and in case of any conflict, Schedule VII of the Act shall prevail.

## 5. CSR Committee

The Company shall constitute a Corporate Social Responsibility Committee (the **CSR Committee**) of the Board as referred to in Section 135 of the Act (Annexure A) read together with the Companies (Corporate Social Responsibility Policy) Rules, 2014, (Annexure C) as amended from time to time, to ensure that the purpose of this CSR Policy is being effectively served.

### A. Composition of CSR Committee

For the relevant financial year, the Board's report shall disclose the composition of the CSR Committee that is as follows:

**a) Chairman of the CSR Committee:**

The Chairman and Managing Director shall be the Chairman of the CSR Committee.

**b) Number of Member Directors:**

The CSR Committee shall consist of at least 3 or more directors.

**c) Members of the CSR Committee:**

The following designee in the company shall be members of the CSR Committee shall be:

- Chairman & Managing Director;
- Director
- Director; and
- Company Secretary.

(Company Secretary shall act as the Secretary to the CSR Committee)

### B. Role and Responsibilities of CSR Committee

In accordance with the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, following are the key responsibilities of the CSR Committee:

- a) formulate and recommend to the Board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company which are in conformity with Schedule VII of the Act;

- b) recommend the amount of expenditure to be incurred on CSR activities;
- c) monitor this CSR Policy from time to time;
- d) institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;
- e) provide “Responsibility Statement” in the Annual Report, stating that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the Company;
- f) any other responsibility assigned by the Board and/or to be undertaken under applicable laws and/or in order to implement and fully realise the key responsibilities set out above.

#### **C. Meetings of CSR Committee**

During every financial year, the CSR Committee will meet at least twice in a year for the purpose of undertaking overview of the CSR activities.

The overview shall be taken to determine and discuss the nature and the scope of the activities or programmes or projects those were undertaken during the financial year as a part of the Company’s CSR activities/projects.

#### **D. Quorum of the Meeting**

The quorum of the meeting of CSR Committee shall be 2 (two) directors present in person at the meeting.

## 6. Rules Governing the CSR Policy

In view of the provisions of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, the Company is obliged to observe the below mentioned provisions with respect to CSR Policy:

- a) As per the CSR Policy, the Company shall undertake such CSR activities as projects or programmes (either new or ongoing) not comprising the activities undertaken in pursuance of its normal course of business.
- b) The Company shall undertake its CSR activities only within India.
- c) The Board of the Company may also undertake its CSR activities approved by the CSR Committee through registered trust or registered society, or a company established by the Company or its holding or subsidiary or associate company under Section 8 of the Act, provided that:
  - i. if such trust or registered, or a company is not established by the Company or its holding or subsidiary or associate company are not set up by the Company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar projects and programmes;
  - ii. the Company has specified the projects or programmes to be undertaken through these entities, as well as specified modalities of utilization of funds and the monitoring and reporting mechanism on such projects and programmes.
- d) The Company shall ensure that necessary details of its CSR initiatives are mentioned in the Board Report of the relevant financial year and on the Company's website, if any, in the prescribed format as provided in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendments thereto.
- e) The Company shall not consider the CSR activities as CSR projects or programmes or activities that benefit only the employees of the Company and their families. This may also encourage its employees to actively and voluntarily participate in the CSR initiatives undertaken by the Company.

- f) Only the CSR projects or programmes or activities undertaken by the Company in India shall amount to CSR expenditure.
- g) The corpus of the CSR activities would include the following:
  - i. 2% of the average net profits for the three preceding financial years; and
  - ii. surplus arising out of CSR activities
- h) In no case, the surplus arising out of the CSR activities shall form a part of “business profits” of the Company.
- i) Contribution made by the Company of any amount directly or indirectly to any political party shall not be considered as “CSR activity”.
- j) The Company may build CSR capacities of its own personnel as well as those of their Implementing agencies through Institutions with established records of at least three financial years, however, such expenditure (including expenditure on administrative overheads) shall not exceed five percent of total CSR expenditure of the Company in one financial year.
- k) CSR Reporting: The Board’s report pertaining to the relevant financial year commencing on or after 1<sup>st</sup> day of April 2014, shall include an annual report on CSR containing particulars specified in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendments thereto.
- l) The Company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of the respective companies are in a position to report separately on such projects or programmes.

## 7. Implementation Schedules of the CSR Activities

### (Funding, Allocation and Tax Treatment of CSR Spend)

- 7.1. For achieving its CSR objectives through implementation of meaningful and sustainable CSR programmes, the Company will allocate 2% of average of its net profits of the three preceding financial years made by the Company during “every block of three years” as its “Annual CSR Budget”
- 7.2. Tax treatment of the CSR spend of the Company during every financial year, shall be in accordance with the provisions of the Income Tax Act, 1963 and rules framed thereunder, as notified by the Central Board of Direct Taxes (CBDT) and as amended from time to time.
- 7.3. In any financial year, if the Company fails to spend the required amount as mentioned above, it shall specify the reasons for not spending the same in its Board Report.
- 7.4. The implementation schedule of CSR Activities shall be as set out in the “**Annual CSR Activity Implementation Schedule**” (Annexure D), as amended from time to time by the CSR Committee, which shall form an integral part of and be read with this CSR Policy.

## 8. Role of the Board of Directors

The Board shall perform the following duties so far as the CSR Policy of the Company and the activities relating thereto are concerned. It shall:

- a) approve the “Corporate Social Responsibility Policy” for the Company after considering the recommendations made by the CSR Committee;
- b) disclose the contents of the Company’s CSR Policy in the Board Report and shall display the same on the Company’s website, if any, as per the particulars specified in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and any amendments thereto;
- c) ensure that the activities included in the CSR Policy of the Company are undertaken by the Company;
- d) ensure that the Company spends at least two per cent (2%) of the average net profits of the Company made during the three immediately preceding financial years in every financial year;
- e) ensure that preference is given to the local area and areas around it where it operates, for spending the amount allocated for CSR activities;
- f) ensure that activities covered by the Company in its CSR Policy as CSR projects or programmes are within the scope of Schedule VII of the Act (Annexure B).

## **9. Amendment, Savings and Interpretation**

- 9.1. Amendment: Any modification/amendment in the CSR Policy shall be carried out by the “CSR Committee” with the approval of the Board of Directors of the Company.
- 9.2. Savings: Notwithstanding anything contained in this CSR Policy, the contents of this CSR Policy shall be read in conjunction with all other relevant internal policies, presently applicable to the Company. The consent/permission under this CSR Policy shall not be considered/construed in derogation with or as an exemption from the requirement of getting consent under any other policy in force/applicable to the Company.
- 9.3. Interpretation: The capitalised terms in this CSR Policy shall have the respective meanings ascribed to them in Annexure E.

## Corporate Social Responsibility

Section 135, Companies Act, 2013

- (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
- (2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
- (3) The Corporate Social Responsibility Committee shall,—
  - (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company, in areas or subject, as specified in Schedule VII;
  - (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a);  
and
  - (c) monitor the Corporate Social Responsibility Policy of the company from time to time.
- (4) The Board of every company referred to in sub-section (1) shall,—
  - (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
  - (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

- (5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in Section 135(6), transfer such unspent amount to a Fund specified in Schedule VII read with Section 135 of the Act, within a period of six months of the expiry of the financial year.

Explanation — For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198 of the Act.

Provided also that if the company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed.

- (6) Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Schedule VII of Companies Act, 2013 (As Amended Up To March 9, 2022)

- 1) Eradicating hunger, poverty and malnutrition, promoting health care (including preventive health care) and sanitation (including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation) and making available safe drinking water;
- 2) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- 3) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- 4) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water (including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga);
- 5) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- 6) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- 7) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- 8) Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- 9) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- 10) Rural development projects; and

11) Slum area development.

Explanation — For the purposes of this item, the term ‘slum area’ shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

12) Disaster management, including relief, rehabilitation and reconstruction activities.

Please refer to the link below for the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (Corporate Social Responsibility Policy) Rules, 2021 or any other amendment as applicable on the Company.

<https://e-book.icsi.edu/Default.aspx?page=rules>

Annual CSR Activity Implementation Schedule

S. No.	Entry in Schedule VII of the Act	Thrust Areas Identified By SCIN		
		Projects or Program	Modalities of Execution	Implementation Schedule
1)				
2)				
3)				

Definitions

“**Act**” means Companies Act, 2013 and rules made thereunder.

“**Corporate Social Responsibility (CSR)**” means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:-

- i. activities undertaken in pursuance of normal course of business of the company: Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that-
  - (a) such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act;
  - (b) details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report;
- ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
- iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;
- iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);
- v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services;
- vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India;

“**CSR Committee**” means the Corporate Social Responsibility Committee of the Board referred to in

Section 135 of the Companies Act, 2013.

“**CSR Policy**” means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

“**Net Profit**” means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- a) Any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
- b) Any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act: Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of Section 381 read with Section 198 of the Act

**CSR Expenditure:** It shall include all expenditure including contribution to corpus or on projects or programmes relating to CSR activities approved by the Board on the recommendation of its CSR Committee but does not include any expenditure on an item not in conformity or not in line with activities falling within the purview of Schedule VII of the Act.